

AMENDED IN ASSEMBLY JANUARY 4, 2010

AMENDED IN ASSEMBLY APRIL 23, 2009

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## ASSEMBLY BILL

**No. 177**

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**Introduced by Assembly Member Price Members Ruskin and  
V. Manuel Perez  
(Coauthors: Assembly Members Price and Salas)  
(Coauthor: Senator Negrete McLeod)**

February 2, 2009

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~~An act to add Section 13985 to, and to add and repeal Chapter 12.92 (commencing with Section 7096) of Division 7 of Title 1 of, the Government Code, relating to economic development. An act to amend Sections 14842 and 14842.5 of the Government Code, and to amend Section 999.9 of the Military and Veterans Code, relating to public contracts.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 177, as amended, ~~Price Ruskin. Economic development: California Urban Communities Collaborative Initiative Act of 2009. Public contracts: small businesses and disabled veteran business enterprises.~~

*(1) Existing law provides for various programs to encourage the participation of small businesses and disabled veteran business enterprises, as certified by the Department of General Services, in state agency contracts. Existing law revokes, for a specified period, the small business or microbusiness certification of a business that obtained the classification as a small business or microbusiness by reason of having*

*furnished incorrect supporting information or withholding relevant information, and suspends that business from transacting with the state, as specified. Existing law extends the period of revocation and suspension for additional or subsequent violations.*

*This bill would increase the period of certification revocation and suspension for such violations, and additionally require the revocation of the business' seller's permit for additional or subsequent violations.*

*(2) Existing law also revokes, for a specified period, the small business or microbusiness or disabled veteran business enterprise certification of a person who, among other activities, fraudulently attempts to become certified as a disabled veteran business enterprise or as a small business or microbusiness. Existing law additionally suspends, for a specified period, that person from bidding on or participating in any state contract or project. Existing law extends the period of revocation and suspension for additional and subsequent violations.*

*This bill would increase the period of certification revocation and suspension for such violations, and additionally require the revocation of the business' seller's permit for additional or subsequent violations.*

*This bill would impose civil penalties against any person who knowingly and fraudulently represents that a commercially useful function is being performed by a disabled veteran business enterprise in order to obtain or retain a bid preference or a state contract, and would subject that person to revocation of the disabled veteran business enterprise certification and suspension from bidding on or participating in any state contract or project for a specified period.*

*This bill would additionally require that any existing contract between any awarding department and contractor be terminated if the contractor knowingly and fraudulently represents that a commercially useful function is being performed by a disabled veteran business enterprise or by a small business or microbusiness, and require the Controller to withhold any payments to that contractor except for outstanding invoices.*

*This bill would require persons or businesses found to have obtained small business or disabled veteran business enterprise certification by fraudulent or improper means to pay costs incurred by the awarding department or the Department of General Services, as specified.*

~~*(1) Existing law provides for various programs and activities in the development of economic opportunities for businesses in the state.*~~

~~This bill would, until January 1, 2016, enact the California Urban Communities Collaborative Initiative Act of 2009. The bill would create the California Urban Communities Collaborative Initiative in state government. As part of the initiative, the bill would establish an Inter-Agency Initiative Workgroup, partnership, and local committees for designated project areas and assign these entities specified duties with respect to coordinating and improving government efforts for at-risk urban communities, as defined. The bill would require the workgroup to report annually to the Governor and Legislature on its activities.~~

~~(2) The Business, Transportation and Housing Agency has various duties regarding general supervision over the operation of the departments within the agency, including the Department of Housing and Community Development.~~

~~This bill would authorize the agency to develop regional plans and collaborative efforts in specified fields regarding economic development.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 14842 of the Government Code is*  
2     *amended to read:*

3     14842. (a) A business that has obtained classification as a  
4     small business or microbusiness by reason of having furnished  
5     incorrect supporting information or by reason of having withheld  
6     information, and that knew, or should have known, the information  
7     furnished was incorrect or the information withheld was relevant  
8     to its request for classification, and that by reason of that  
9     classification has been awarded a contract to which it would not  
10    otherwise have been entitled, shall do all of the following:

11    (1) Pay to the state any difference between the contract amount  
12    and what the state's costs would have been if the contract had been  
13    properly awarded.

14    (2) *Pay to the awarding department an amount equal to the*  
15    *costs incurred for investigating the small business or microbusiness*  
16    *certification that led to the finding that the contract had been*  
17    *improperly awarded.*

18    ~~(2)~~

(3) In addition to the amount described in subdivision (a), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract involved.

(b) Suspend any person who violates subdivision (a) from transacting any business with the state either directly as a prime contractor or indirectly as a subcontractor, for a period of not less than ~~six months~~ *three years* and not more than ~~36 months~~ *10 years*. State agencies may reject the bid of a supplier offering goods, information technology, or services manufactured or provided by a subcontractor if that subcontractor has been declared ineligible to transact any business with the state under this chapter, even though the bidder is a business in good standing.

(c) All payments to the state pursuant to ~~paragraph~~ *paragraphs* (1) and (2) of subdivision (a) shall be deposited in the fund out of which the contract involved was awarded.

(d) All payments to the state pursuant to ~~paragraph (2)~~ (3) of subdivision (a) shall be deposited in the state General Fund.

(e) The small business certification of a business found to have violated subdivision (a) shall be revoked by the department for a period of not less than ~~one year~~ *five years*. For an additional or subsequent violation, the period of certification revocation or suspension shall be extended for a period of up to ~~three years~~. ~~The 10 years and shall result in the revocation of the business' seller's permit. The certification~~ revocation shall apply to the principals of the business and any subsequent businesses formed by those principals.

(f) Prior to the imposition of any sanctions under this article, a business shall be entitled to a public hearing and to at least five working days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

*SEC. 2. Section 14842.5 of the Government Code is amended to read:*

14842.5. (a) It shall be unlawful for a person to do any of the following:

(1) Knowingly and with intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain, certification as a small business or microbusiness enterprise for the purposes of this chapter.

1 (2) Willfully and knowingly make a false statement with the  
2 intent to defraud, whether by affidavit, report, or other  
3 representation, to a state official or employee for the purpose of  
4 influencing the certification or denial of certification of any entity  
5 as a small business or microbusiness enterprise.

6 (3) Willfully and knowingly obstruct, impede, or attempt to  
7 obstruct or impede, any state official or employee who is  
8 investigating the qualifications of a business entity that has  
9 requested certification as a small business or microbusiness  
10 enterprise.

11 (4) Knowingly and with intent to defraud, fraudulently obtain,  
12 attempt to obtain, or aid another person in fraudulently obtaining  
13 or attempting to obtain, public moneys to which the person is not  
14 entitled under this chapter.

15 (5) Knowingly and with intent to defraud, fraudulently represent  
16 certified small business or microbusiness participation in order to  
17 obtain or retain a bid preference or a state contract.

18 (6) Knowingly and with intent to defraud, fraudulently represent  
19 that a commercially useful function is being performed by a  
20 certified small business or microbusiness in order to obtain or  
21 retain a bid preference or a state contract.

22 (b) (1) Any person who is found by the department to have  
23 violated any of the provisions of subdivision (a) is subject to a  
24 civil penalty of not ~~more than five thousand dollars (\$5,000)~~ *less*  
25 *than ten thousand dollars (\$10,000) nor more than thirty thousand*  
26 *dollars (\$30,000) for the first violation, and a civil penalty of not*  
27 *less than thirty thousand dollars (\$30,000) nor more than fifty*  
28 *thousand dollars (\$50,000) for each additional or subsequent*  
29 *violation.*

30 (2) *A person who violates any of the provisions of subdivision*  
31 *(a) shall pay all costs incurred by the awarding department and*  
32 *the Department of General Services for any investigations that led*  
33 *to the finding of the violation.*

34 (c) The department shall revoke the small business or  
35 microbusiness certification of any person that violates subdivision  
36 (a) for a period of not ~~more~~ *less than one year* ~~five years~~, and shall,  
37 in addition to the penalties provided for in subdivision (b), be  
38 suspended from bidding on, or participating as a contractor, a  
39 subcontractor, or a supplier in, any state contract or project for a  
40 period of not less than ~~six months~~ *three years* nor more than ~~36~~

1 ~~months~~ 10 years and shall result in the revocation of the business'  
2 seller's permit. However, for an additional or subsequent violation,  
3 the period of certification revocation or suspension shall be  
4 extended for a period of up to three years. The certification  
5 revocation shall apply to the principals of the business and any  
6 subsequent businesses formed by those principals. Any business  
7 or person who fails to satisfy the penalties imposed pursuant to  
8 subdivisions (b) and (c) shall be prohibited from further contracting  
9 with the state until the penalties are satisfied.

10 (d) If a contractor, subcontractor, supplier, subsidiary, or affiliate  
11 thereof, has been found by the department to have violated  
12 subdivision (a) and that violation occurred within three years of  
13 another violation of subdivision (a) found by the department, the  
14 department shall prohibit that contractor, subcontractor, supplier,  
15 subsidiary, or affiliate thereof, from entering into a state project  
16 or state contract and from further bidding to a state entity, and  
17 from being a subcontractor to a contractor for a state entity and  
18 from being a supplier to a state entity.

19 (e) (1) *In addition to the penalties imposed by this section, if a*  
20 *contractor is found to be in violation of paragraph (6) of*  
21 *subdivision (a) any existing contract between that contractor and*  
22 *any awarding department shall be terminated, and the Controller*  
23 *shall withhold any payments to that contractor except for*  
24 *outstanding invoices.*

25 (2) *For purposes of this subdivision:*

26 (A) "Awarding department" means any state agency,  
27 department, governmental entity, or other officer or entity  
28 empowered by law to enter into contracts on behalf of the State of  
29 California.

30 (B) "Contractor" means any person or persons, firm,  
31 partnership, corporation, or combination thereof who submits a  
32 bid and enters into a contract with a representative of a state  
33 agency, department, governmental entity, or other officer  
34 empowered by law to enter into contracts on behalf of the State of  
35 California.

36 SEC. 3. *Section 999.9 of the Military and Veterans Code is*  
37 *amended to read:*

38 999.9. (a) It shall be unlawful for a person to:

39 (1) Knowingly and with intent to defraud, fraudulently obtain,  
40 retain, attempt to obtain or retain, or aid another in fraudulently

1 obtaining or retaining or attempting to obtain or retain, certification  
2 as a disabled veteran business enterprise for the purpose of this  
3 article.

4 (2) Willfully and knowingly make a false statement with the  
5 intent to defraud, whether by affidavit, report, or other  
6 representation, to a state official or employee for the purpose of  
7 influencing the certification or denial of certification of any entity  
8 as a disabled veteran business enterprise.

9 (3) Willfully and knowingly obstruct, impede, or attempt to  
10 obstruct or impede, any state official or employee who is  
11 investigating the qualifications of a business entity that has  
12 requested certification as a disabled veteran business enterprise.

13 (4) Knowingly and with intent to defraud, fraudulently obtain,  
14 attempt to obtain, or aid another person in fraudulently obtaining  
15 or attempting to obtain, public moneys, contracts, or funds  
16 expended under a contract, that are awarded by any state agency,  
17 department, officer, or other state governmental agency, to which  
18 the person is not entitled under this article.

19 (5) Knowingly and with intent to defraud, fraudulently represent  
20 participation of a disabled veteran business enterprise in order to  
21 obtain or retain a bid preference or a state contract.

22 (6) *Knowingly and with intent to defraud, fraudulently represent*  
23 *that a commercially useful function is being performed by a*  
24 *disabled veteran business enterprise in order to obtain or retain*  
25 *a bid preference or a state contract.*

26 ~~(6)~~

27 (7) Willfully and knowingly make or subscribe to any statement,  
28 declaration, or other document that is fraudulent or false as to any  
29 material matter, whether or not that falsity or fraud is committed  
30 with the knowledge or consent of the person authorized or required  
31 to present the declaration, statement, or document.

32 ~~(7)~~

33 (8) Willfully and knowingly aid or assist in, or procure, counsel,  
34 or advise, the preparation or presentation of a declaration,  
35 statement, or other document that is fraudulent or false as to any  
36 material matter, regardless of whether that falsity or fraud is  
37 committed with the knowledge or consent of the person authorized  
38 or required to present the declaration, statement, or document.

39 ~~(8)~~

(9) Willfully and knowingly fail to file any declaration or notice with the awarding agency that is required by Section 999.2.

~~(9)~~

(10) Establish, or knowingly aid in the establishment of, or exercise control over, a firm found to have violated any of paragraphs (1) to ~~(8)~~ (9), inclusive.

(b) Any person who violates any of the provisions of subdivision (a) shall be guilty of a misdemeanor punishable by imprisonment in the county jail not exceeding six months or by a fine not exceeding one thousand dollars (\$1,000), or by both. In addition, the person shall be liable for a civil penalty of not less than ten thousand dollars (\$10,000) nor more than thirty thousand dollars (\$30,000) for the first violation, and a civil penalty of not less than thirty thousand dollars (\$30,000) nor more than fifty thousand dollars (\$50,000) for each additional or subsequent violation. A defendant who violates any of the provisions of subdivision (a) shall pay all costs and attorney's fees incurred by the plaintiff in a civil action brought pursuant to this section, *including costs incurred by the awarding department or the Department of General Services.*

(c) (1) The Department of General Services shall suspend any person who violates subdivision (a) from bidding on, or participating as either a contractor, subcontractor, or supplier in, any state contract or project for a period of not less than three years *and not more than 10 years*, and if certified as a disabled veteran business enterprise, the department shall revoke the business' certification for a period of not less than ~~three~~ *five* years. An additional or subsequent violation shall extend the periods of suspension and revocation for a period of not less than ~~five years~~ *10 years and shall result in the revocation of the business' seller's permit.* The suspension and revocation *of certification* shall apply to the principals of the business and any subsequent business formed or financed by, or affiliated with, those principals.

(2) The Department of General Services shall prohibit any business or person who fails to satisfy the penalties, costs, and attorney's fees imposed pursuant to subdivision (b) from further contracting with the state until the penalties are satisfied.

(d) *In addition to the penalties imposed by this section, if a contractor is found to be in violation of paragraph (6) of subdivision (a) any existing contract between that contractor and*

1 *any awarding department shall be terminated, and the Controller*  
2 *shall withhold any payments to that contractor except for*  
3 *outstanding invoices.*

4 ~~(d)~~

5 (e) The awarding department shall report all alleged violations  
6 of this section to the Department of General Services. The  
7 Department of General Services shall subsequently report all  
8 alleged violations to the Attorney General who shall determine  
9 whether to bring a civil action against any person or firm for a  
10 violation of this section.

11 ~~(e)~~

12 (f) The Department of General Services shall monitor the status  
13 of all reported violations and shall maintain and make available  
14 to all state departments a central listing of all firms and persons  
15 who have been determined to have committed violations resulting  
16 in suspension.

17 ~~(f)~~

18 (g) No awarding department shall enter into any contract with  
19 any person suspended for violating this section during the period  
20 of the person's suspension. No awarding department shall award  
21 a contract to any contractor utilizing the services of any person as  
22 a subcontractor suspended for violating this section during the  
23 period of the person's suspension.

24 ~~(g)~~

25 (h) The awarding department shall check the central listing  
26 provided by the Department of General Services to verify that the  
27 person or contractor to whom the contract is being awarded, or  
28 any person being utilized as a subcontractor or supplier by that  
29 person or contractor, is not under suspension for violating this  
30 section.

31 ~~SECTION 1. The Legislature finds and declares all of the~~  
32 ~~following:~~

33 ~~(a) California's urban communities and neighborhoods within~~  
34 ~~its largest cities are remarkably diverse in their people, businesses,~~  
35 ~~and cultural heritage, and provide an enormous unrealized potential~~  
36 ~~for development of a skilled, educated, and sustainable workforce.~~

37 ~~(b) The state has a very high interest in helping urban~~  
38 ~~communities realize their potential because, among other things,~~  
39 ~~uplifting these communities generates higher tax revenue, lowers~~

1 social costs, and improves the health and overall quality of life for  
2 residents.

3 (e) ~~By supporting public-private partnerships, business,~~  
4 ~~education, and law enforcement entities in at-risk, underserved~~  
5 ~~communities, the state ensures a longstanding commitment to~~  
6 ~~economic self-reliance, parity, power, and civil rights.~~

7 (d) ~~Improving the economy and overall quality of life for the~~  
8 ~~people in at-risk urban communities requires a concerted,~~  
9 ~~coordinated, and creative response from leaders at all levels of~~  
10 ~~government and from the community.~~

11 (e) ~~The Business, Transportation and Housing Agency has~~  
12 ~~established the California Urban Communities Collaborative, a~~  
13 ~~voluntary initiative that includes various pilot projects intended~~  
14 ~~to, among other things, facilitate collaboration among state and~~  
15 ~~local government agencies, community-based organizations, and~~  
16 ~~the private sector for the purpose of identifying, accessing, and~~  
17 ~~coordinating delivery of public and private resources to at-risk~~  
18 ~~urban communities within specified metropolitan areas to stabilize~~  
19 ~~the social structure, increase the living standards and the overall~~  
20 ~~economic performance, and improve the health of at-risk~~  
21 ~~communities.~~

22 (f) ~~Supporting collaborative efforts for the leveraging of private~~  
23 ~~and nonprofit sector resources with public funds through~~  
24 ~~collaborative projects that can result in increased employment and~~  
25 ~~a higher standard of living in California urban communities.~~

26 SEC. 2. ~~Chapter 12.92 (commencing with Section 7096) is~~  
27 ~~added to Division 7 of Title 1 of the Government Code, to read:~~

28  
29 CHAPTER 12.92. CALIFORNIA URBAN COMMUNITIES  
30 COLLABORATIVE INITIATIVE ACT OF 2009  
31

32 7096. (a) ~~This act shall be known and may be cited as the~~  
33 ~~California Urban Communities Collaborative Initiative Act of~~  
34 ~~2009.~~

35 (b) ~~The Legislature hereby finds and declares all of the~~  
36 ~~following:~~

37 (1) ~~The current economic downturn exacerbates decades of~~  
38 ~~disparity and neglect within California's at-risk urban communities,~~  
39 ~~making the lack of a functioning and adequate state policy and~~

1 strategy to address the situation one of the most important social  
2 justice and civil rights issues of our time.

3 (2) In the wake of global warming, urban revitalization  
4 represents a major opportunity for smart growth, clean air,  
5 alternative energy, green economy, and workforce policy in  
6 California.

7 (3) Given the passage and convergence of the California Global  
8 Warming Solutions Act of 2006 and Senate Bill 375 of the 2007-08  
9 Regular Session, both designed to mitigate climate change, it is  
10 important that an appropriate economic development policy  
11 focused on at-risk urban communities be adopted to ensure greater  
12 equity and inclusion of all Californians in the future of developing  
13 and implementing climate change, transportation, land-use, and  
14 economic stimulus policies.

15 (4) California's urban communities and neighborhoods within  
16 its largest cities are remarkably diverse in their people, businesses,  
17 and cultural heritage, and provide an enormous unrealized potential  
18 for development of a skilled, educated, and sustainable workforce.

19 (5) Every California community should have the right to  
20 participate in the decisionmaking process on issues that affect it,  
21 the opportunity to attain self-sufficiency and independence, and  
22 the ability to provide a decent, safe, and supportive living  
23 environment for every one of its residents.

24 (6) The state has a very high interest in helping urban  
25 communities realize their potential because, among other things,  
26 uplifting these communities generates higher tax revenue, lowers  
27 social costs, and improves the health and overall quality of life for  
28 its citizens.

29 (7) The state, among the world's 10 largest economies, needs  
30 to enhance its competitiveness by investing in improved education  
31 and training of people living in its urban communities to ensure  
32 the expansion of the state's intellectual and scientific research  
33 capacity, enabling an increased number of engineers, doctors,  
34 scientists, teachers, and skilled individuals equipped to meet the  
35 challenges of the technologically advanced 21st century.

36 (8) The state has a vested interest in providing the framework  
37 from which equality can be attained among the diverse populations  
38 in its largest metropolitan areas.

39 (9) Urban communities represent an untapped market for  
40 products manufactured in the United States for export abroad and

1 for goods and services produced elsewhere in the state. As the  
2 economic potential of urban consumers increases, so will the  
3 benefits to other economic segments of our state.

4 (10) The state has a very high interest in reducing crime, the  
5 cost of incarceration, and the loss of lives and property associated  
6 with it, and best achieves improvements in these areas by finding  
7 answers to these problems that plague urban communities.

8 (11) For every youth averted from incarceration in a facility of  
9 the Juvenile Justice Division of the Department of Corrections and  
10 Rehabilitation, the state will save between seventy thousand dollars  
11 (\$70,000) and one hundred fifty-four thousand dollars (\$154,000)  
12 per year in detention and related costs.

13 (12) For every youth prevented from going to prison as an adult,  
14 the state will save over thirty-four thousand dollars (\$34,000) per  
15 inmate annually in detention costs alone.

16 (13) This state is home to three of the 10 largest cities in the  
17 United States, including Los Angeles, which is perhaps the most  
18 socioeconomic and ethnically diverse of all.

19 (14) The strength of this state is tied to the economic success  
20 of all its urban communities, as well as its rural regions. Improving  
21 the economy and well-being of the people in at-risk urban  
22 communities requires a concerted, coordinated, and creative  
23 response from leaders at all levels of the private sector, the  
24 community, and government.

25 (15) The holistic, comprehensive, and multijurisdictional  
26 approach demonstrated by the San Joaquin Valley Partnership,  
27 created in 2005 for rural areas, can be a model for how the state  
28 can partner with the public and private sectors in local communities  
29 to address the problems in urban communities. The San Joaquin  
30 Valley Partnership has demonstrated that a collaborative effort  
31 can produce a vision to build a cohesive region that is supported  
32 by a vibrant economy sustained by competitive strengths and  
33 sufficient resources. The vision was to provide a high quality of  
34 life for all valley residents in order to achieve the “3Es” of  
35 sustainable growth: a prosperous economy, quality environment,  
36 and social equity.

37 (16) In a portion of the Crenshaw Corridor area of Los Angeles,  
38 the California Business, Transportation and Housing Agency has  
39 established the California Urban Communities Collaborative, a  
40 voluntary initiative that includes various pilot projects intended

1 to, among other things, facilitate collaboration among state and  
2 local government agencies, community-based organizations and  
3 the private sector, for the purpose of identifying, accessing and  
4 coordinating delivery of public and private resources to at-risk  
5 urban communities within specified metropolitan areas to stabilize  
6 the social structure, increase the living standards and the overall  
7 economic performance, and improve the health of designated  
8 project areas in at-risk communities.

9 (17) Leveraging of private and nonprofit sector resources with  
10 public funds through collaborative projects can produce  
11 partnerships that result in an overall savings to state and local  
12 government while ultimately increasing revenues due to increased  
13 employment and a higher standard of living.

14 (18) By supporting public-private partnerships, business,  
15 education, and law enforcement entities in at-risk communities,  
16 the state ensures a longstanding commitment to economic  
17 self-reliance, parity, power, and civil rights.

18 7096.1. For the purposes of this chapter, the following  
19 definitions shall apply:

20 (a) "At-risk urban community" means an urban neighborhood  
21 or community where the area median income is at or below 80  
22 percent of the statewide median income as determined by the  
23 federal Department of Housing and Urban Development.

24 (b) "Designated project area" means an at-risk urban community  
25 chosen by the partnership for coordinated planning and state  
26 assistance, as described in Section 7096.2, that is both of the  
27 following:

28 (1) Located within a Standard Metropolitan Statistical Area, as  
29 defined by the United States Census Bureau, in this state with a  
30 population of more than 500,000.

31 (2) Located within a redevelopment project area pursuant to  
32 Section 33320.1 of the Health and Safety Code, or enterprise zone  
33 as designated pursuant to subdivision (d) of Section 7072.

34 (c) "Local community revitalization strategy" means a strategy  
35 developed by a local community or neighborhood through  
36 collaboration with relevant public and private stakeholders. The  
37 local community revitalization strategy shall address the areas of  
38 business investment, retention, attraction and growth,  
39 homeownership, education, job training, public safety, and the arts  
40 and entertainment.

1 (d) “Workgroup” means the Inter-Agency Initiative Workgroup  
2 convened pursuant to Section 7096.2.

3 7096.2. (a) The California Urban Communities Collaborative  
4 Initiative is hereby created in state government. The purpose of  
5 the initiative is (1) to develop and implement a more effective  
6 method for delivering existing state programs and services and  
7 that support and enhance comprehensive and integrated local efforts  
8 to improve at-risk urban communities, and (2) to strengthen locally  
9 led public and private efforts to stabilize the social structure and  
10 increase the living standards and the overall economic performance  
11 of designated project areas in at-risk urban communities. A local  
12 coordinated effort between these public and private entities shall  
13 bring together people, programs, and resources in an efficient  
14 collaboration in the areas of business investment, retention,  
15 attraction and growth, homeownership, education, job training,  
16 public safety, and the arts and entertainment.

17 (b) The Secretary of Business, Transportation and Housing shall  
18 convene and chair an Inter-Agency Initiative Workgroup, which  
19 shall include the following:

20 (1) The following state officials, or their designees from the  
21 executive office of the corresponding agencies:

22 (A) The Secretary of Business, Transportation and Housing.

23 (B) The Secretary of Labor and Workforce Development.

24 (C) The Secretary of California Health and Human Services.

25 (D) The Superintendent of Public Instruction.

26 (E) The Attorney General.

27 (2) One representative, who will serve at the pleasure of each  
28 of the following:

29 (A) The California Economic Strategy Panel, chosen by the  
30 chair of the panel.

31 (B) The California Workforce Investment Board, chosen by the  
32 chair of the board.

33 (C) The Employment Training Panel, chosen by the chair of the  
34 panel.

35 (e) The Business, Transportation and Housing Agency, through  
36 the direction of its secretary as chair of the workgroup, shall enter  
37 into a collaborative agreement with a partnership that includes,  
38 but is not necessarily limited to, statewide economic development,  
39 workforce development, social justice, civil rights, education,

1 public safety, and urban research organizations with local affiliates;  
2 for the purposes set forth in this section.

3 ~~(d) The partnership shall, with marketing assistance from the~~  
4 ~~workgroup, based on existing local activity, if any, and active level~~  
5 ~~of local interest, if any, identify, recruit and help assemble a local~~  
6 ~~committee for each designated project area consisting of all of the~~  
7 ~~following:~~

8 ~~(1) Elected local government members, including the mayor~~  
9 ~~and county supervisor who represents the designated project area.~~

10 ~~(2) Four civic leaders or private sector members.~~

11 ~~(3) Three representatives of existing nonprofit organizations,~~  
12 ~~consortia, civic organizations, or educational institutions, with~~  
13 ~~established ties to, and that have a primary organizational focus~~  
14 ~~on promoting the economic and social advancement of, at-risk~~  
15 ~~urban neighborhoods. The chair of the local committee shall select~~  
16 ~~representatives appointed under this paragraph from a list of~~  
17 ~~recommendations provided by potential or existing members of~~  
18 ~~the local committee or the partnership. They shall serve at the~~  
19 ~~pleasure of the partnership.~~

20 ~~(4) All members of the Legislature who represent the designated~~  
21 ~~project area may be ex officio, nonvoting members of the local~~  
22 ~~committee.~~

23 ~~(e) Each local committee shall select one elected local~~  
24 ~~government member and one civic leader or private sector member~~  
25 ~~to serve as chair and vice chair of the local committee. The local~~  
26 ~~committee shall serve as the official body for discussions regarding~~  
27 ~~implementation of the overall local community revitalization plan.~~  
28 ~~Nothing in this subdivision precludes or limits the partnership or~~  
29 ~~workgroup from having discussions with any public entity~~  
30 ~~regarding any activities occurring within or related to each~~  
31 ~~designated project area.~~

32 ~~(f) The partnership may request that the economic development~~  
33 ~~coordinators from local governments with jurisdiction over a~~  
34 ~~designated project area serve as ad hoc advisors to the partnership~~  
35 ~~and its project managers and consultants.~~

36 ~~(g) Based on available funding, partnership organizations may~~  
37 ~~receive funding for purposes of partnership activities, which~~  
38 ~~includes ensuring maximum equity, diversity, and linkages between~~  
39 ~~regional economic development and low-income neighborhood~~  
40 ~~revitalization strategies.~~

~~(h) The partnership shall meet at least once quarterly for the conduct of its business. It may also host town hall meetings in a designated project area in addition to, or in conjunction with, its quarterly meetings.~~

~~(i) A majority of the partnership board shall constitute a quorum for the purposes of holding meetings or otherwise conducting partnership business. Any item of partnership business requiring a vote of the membership shall be subject to a majority vote from each local committee.~~

~~(b) The Business, Transportation and Housing Agency shall provide administrative support to the workgroup and the partnership out of existing resources currently financing the California Urban Communities Collaborative, or any federal or private funds secured to finance that administrative support.~~

~~7096.4. (a) Duties of the workgroup, partnership, and local committee for each designated project area shall include all of the following, as applicable:~~

~~(1) Direct each state department or agency with relevant statutory authority or programs to identify and make available appropriate resources for a designated project area consistent with its local community revitalization strategy. These departments and agencies may include, but not be limited to, the Department of Housing and Community Development, the State Department of Social Services, the Department of Community Services and Development, the Employment Development Department, the State Department of Education, the Department of Justice, the California Infrastructure and Economic Development Bank, the State Historic Preservation Officer, and the Juvenile Justice Division of the Department of Corrections and Rehabilitation.~~

~~(2) Analyze programs and policies of workgroup agencies that relate to the requested and recommended actions in each of the local community revitalization strategies of designated project areas to determine what changes, modifications, and innovations should be considered in state programs in the areas of business investment, retention, attraction and growth, homeownership, education, job training, public safety, and the arts and entertainment, if any. The purpose of this analysis is to better serve the designated project area and other communities and neighborhoods in the state facing similar challenges.~~

1     ~~(3) Consider statistical and data analysis, research, and policy~~  
2     ~~studies related to at-risk urban communities.~~

3     ~~(4) Develop, recommend, and implement short-term and~~  
4     ~~long-term options for promoting sustainable economic development~~  
5     ~~in the state's at-risk urban communities.~~

6     ~~(5) Consult and coordinate activities with federal, state, and~~  
7     ~~local governments, community leaders, state legislators, the private~~  
8     ~~sector, nonprofit organizations, and other interested parties to~~  
9     ~~benefit at-risk urban communities, attempting to build on the~~  
10    ~~strengths of existing authorities of the state and local governments,~~  
11    ~~and to preserve their existing working relationships with other~~  
12    ~~agencies, organizations, or individuals.~~

13    ~~(6) Coordinate and collaborate on research and demonstration~~  
14    ~~priorities of partnership member organizations related to at-risk~~  
15    ~~urban communities.~~

16    ~~(7) Integrate state and federal initiatives and programs into the~~  
17    ~~design of sustainable economic development actions for the state's~~  
18    ~~at-risk urban communities.~~

19    ~~(8) Identify projects and programs that will best utilize public~~  
20    ~~dollars and most quickly improve the economic vitality of at-risk~~  
21    ~~urban communities, especially those that leverage federal, state,~~  
22    ~~local, and private sector resources in a coordinated effort to address~~  
23    ~~critical needs in these communities.~~

24    ~~(9) Work with the state's elected congressional representatives~~  
25    ~~and federal officials to gain federal support for projects identified~~  
26    ~~by the partnership as critical to the state's at-risk communities.~~

27    ~~(10) Partner with the University of California, the California~~  
28    ~~State University, the California Community Colleges, and the~~  
29    ~~state's other research and educational institutions, as well as private~~  
30    ~~foundations, to provide guidance, advice, and encouragement in~~  
31    ~~support of studies of particular interest and importance to the at-risk~~  
32    ~~urban communities.~~

33    ~~(e) The Business, Transportation and Housing Agency shall~~  
34    ~~link the partnership's Internet Web site from its main Internet Web~~  
35    ~~page to provide the public with information about the partnership.~~

36    ~~(d) Upon funds becoming available, the partnership shall~~  
37    ~~establish and operate a program to distribute matching grants to~~  
38    ~~designated project areas that can be used as seed grants to leverage~~  
39    ~~private sector and nonprofit contributions to support activities in~~  
40    ~~the designated project areas.~~

~~7096.5.— (a) The partnership shall, at a minimum, use the following eligibility criteria to select a designated project area proposed by a local committee in at-risk urban communities:~~

~~(1) The community shall have a local community revitalization strategy for the applicant community or neighborhood boundary area.~~

~~(2) The community shall be able to demonstrate commitments of local government collaboration with at least two formal memoranda of understanding with publicly funded entities in the areas of business investment, retention, attraction and growth, homeownership, education, job training, public safety, and the arts and entertainment, as described in Section 7096.2.~~

~~(3) The community shall have secured private sector and nonprofit organization funding that is available as a local match for any partnership funds that are available for the project.~~

~~(b) The local community revitalization strategy is the foundation for all partnership activities. In designating a new project area, the partnership shall be guided by the following principles:~~

~~(1) The strategy should be comprehensive, including social, physical, and economic development.~~

~~(2) The planning process for the development of the strategy should be participatory, involving to the greatest extent possible, a significant majority of all demonstrably concerned community residents and other stakeholders.~~

~~(3) The strategy shall build the capacity of underutilized human and institutional resources, including the transfer of knowledge and skills.~~

~~(4) The strategy shall promote ownership by the community in both development process and product.~~

~~(5) The strategy shall promote bridge building and interethnic unity so that different ethnic groups and neighborhoods can be brought together around common policies and goals.~~

~~7096.6. The workgroup, with participation from the partnership and the local committees, shall report annually to the Governor and the Legislature on its activities, including at least the following:~~

~~(a) A summary of the actions taken by the workgroup and projected outcomes of these actions for each designed project area.~~

~~(b) Identification of public and private moneys and actions leveraged through partnership activities. Particular focus shall be made to contributions and investments made by the private sector.~~

1 ~~(e) A progress report on the implementation of each local~~  
2 ~~community revitalization strategy.~~

3 ~~(d) Determinations and workgroup results stemming from~~  
4 ~~actions pursuant to its analysis of state programs and policies~~  
5 ~~pursuant to this chapter.~~

6 ~~(e) Legislative proposals for enactment in furtherance of the~~  
7 ~~partnership's mission.~~

8 ~~7096.7. (a) (1) The partnership shall replicate the Los Angeles~~  
9 ~~Urban League's Neighborhoods@Work project pursuant to the~~  
10 ~~conditions in subdivision (b) of Section 7096.5 of this chapter, to~~  
11 ~~test and expand the local-state partnership concept and approach~~  
12 ~~to revitalizing at-risk urban communities. The partnership shall~~  
13 ~~focus on implementing a coordinated and expedited state response~~  
14 ~~to local economic development needs in the affected urban~~  
15 ~~community, such as business investment and competitiveness;~~  
16 ~~educational attainment, increased employment, reduction of crime~~  
17 ~~rates, and increased homeownership.~~

18 ~~(2) Based on the results of the Los Angeles Urban League's~~  
19 ~~Neighborhoods@Work project described in paragraph (1), the~~  
20 ~~workgroup shall determine how the approach can be used to refine~~  
21 ~~the state's assistance to the partnership in improving the quality~~  
22 ~~of life for people and businesses located in at-risk urban~~  
23 ~~communities. The workgroup shall establish procedures and~~  
24 ~~guidelines, where necessary, for its participation in partnership~~  
25 ~~activities.~~

26 ~~(3) The partnership, based on capacity and workgroup~~  
27 ~~consensus, may designate up to two project areas in the state for~~  
28 ~~partnership participation in any given calendar year. As a condition~~  
29 ~~of joining the partnership, a local committee shall agree to annual~~  
30 ~~reporting on the goals and objectives identified in its local~~  
31 ~~community revitalization strategy.~~

32 ~~(b) (1) In addition to the requirements of Section 7096.5, the~~  
33 ~~partnership shall select designated project areas based on the~~  
34 ~~following criteria:~~

35 ~~(A) Demonstrated need of the at-risk urban community.~~

36 ~~(B) Existing assets of the at-risk urban community that can~~  
37 ~~provide a basic infrastructure for community economic~~  
38 ~~development.~~

39 ~~(C) Demonstrated capabilities of the applicant local committee~~  
40 ~~organization for strategic planning and administration of programs.~~

1     ~~(D) Demonstrated applicant local committee organization ability~~  
2     ~~to use a system of metrics to measure neighborhood change.~~

3     ~~(2) The partnership may designate additional project areas, upon~~  
4     ~~a determination by the Secretary of Business, Transportation and~~  
5     ~~Housing that it is in the best interest of the state to utilize the~~  
6     ~~California partnership methodology to intervene in the downward~~  
7     ~~spiral of economic and social conditions within at-risk urban~~  
8     ~~communities and that sufficient moneys are available for the state~~  
9     ~~to be an adequate partner in implementing local community~~  
10    ~~revitalization strategies.~~

11    ~~7096.8. This chapter shall remain in effect only until January~~  
12    ~~1, 2016, and as of that date is repealed, unless a later enacted~~  
13    ~~statute, that is enacted before January 1, 2016, deletes or extends~~  
14    ~~that date.~~

15    ~~SEC. 3. Section 13985 is added to the Government Code, to~~  
16    ~~read:~~

17    ~~13985. The Business, Transportation and Housing Agency~~  
18    ~~may develop regional plans and collaborative efforts that include,~~  
19    ~~but are not limited to, any of the following:~~

20    ~~(1) Development of locally coordinated efforts that brings~~  
21    ~~together people, programs, and resources in an efficient~~  
22    ~~collaboration in the areas of health, education, public safety,~~  
23    ~~housing, economic development, employment, and job training.~~

24    ~~(2) Identification of public and private resources consistent with~~  
25    ~~the local community revitalization strategies.~~

26    ~~(3) Analysis of relevant programs and policies of government~~  
27    ~~agencies to determine what changes, modifications, or innovations~~  
28    ~~should be considered in state or local programs in the areas of~~  
29    ~~health, education, public safety, housing, economic development,~~  
30    ~~employment, or job training, if any, to better serve communities~~  
31    ~~and neighborhoods.~~

32    ~~(4) Development of short-term, intermediate, and long-term~~  
33    ~~options for promoting sustainable economic development.~~

34    ~~(5) Recommendations to integrate state initiatives and programs~~  
35    ~~into the design of sustainable economic and community~~  
36    ~~development action plans for the state's at-risk urban communities,~~  
37    ~~consistent with community revitalization plans.~~

- 1     ~~(6) Development of an annual work plan that details how the~~
- 2     ~~specific goals, objectives, and actions will be achieved.~~

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